

9

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

vs.

D-1 DAMIAN JACKSON (Cts.1-14),

and

D-2 HOLLY JACKSON (Cts.1-15),

Defendants.

Case:2:14-cr-20450

Judge: Edmunds, Nancy G.

MJ: Majzoub, Mona K.

Filed: 07-31-2014 At 03:20 PM

INDI USA V. JACKSON ET AL (DA)

Offenses:

Ct. 1: Conspiracy

Cts. 2-3: Filing False Returns

Cts. 4-15: False Claims, Aiding
and Abetting

Violations:

Ct. 1: 18 U.S.C. § 286

Cts. 2-3: 26 U.S.C. § 7206(1)

Cts. 4-15: 18 U.S.C. §§ 287, 2

INDICTMENT

THE GRAND JURY CHARGES:

GENERAL ALLEGATIONS

At all times pertinent to this Indictment:

1. Diamond and Associates Enterprises, LLC [Diamond and Associates]
was a Michigan Limited Liability Company owned by **D-1 DAMIAN JACKSON**
and operated by **D-1 DAMIAN JACKSON** and **D-2 HOLLY JACKSON**;
2. **D-1 DAMIAN JACKSON** and **D-2 HOLLY JACKSON**, through

Diamond and Associates, operated a tax preparation service in the Eastern District of Michigan under the name “Diamond Tax Services”;

3. The Internal Revenue Service [IRS] was an agency of the United States Department of Treasury;

4. **D-2 HOLLY JACKSON** applied for and received, on behalf of Diamond and Associates, a “Filing Information Returns Electronically” [FIRE] account from the IRS which allowed her to file various forms, including Forms 1099, with the IRS online;

5. A Form 1099 was one type of form used, generally speaking, to report income other than wages, salary and tips to the IRS under particular circumstances, and was filed with the IRS by the payer as a means of notifying the IRS that a particular taxpayer received income from the payer and the amount of tax withheld from that income if applicable;

6. Forms 1099-OID (short for “Original Issue Discount”) are prepared and filed in very limited circumstances under the Internal Revenue Code and regulations. Generally, a 1099-OID is issued to account for income derived from obtaining bonds or notes for a value less than the face value (that is, a reduced “original issue” value). The difference between the original issue value and face value is called the original issue discount which, in some circumstances, may be taxable income.

COUNT ONE
(**D-1 DAMIAN JACKSON** and **D-2 HOLLY JACKSON**:
18 USC § 286: Conspiracy to Defraud the Government)

1. The General Allegations are included in this Count;

2. Beginning in or about April 2009, and continuing through April 2010, in the Eastern District of Michigan, **D-1 DAMIAN JACKSON** and **D-2 HOLLY JACKSON**, unlawfully, willfully and knowingly agreed, combined and conspired with each other to defraud the United States by obtaining, or aiding to obtain, the payment or allowance of false, fictitious and fraudulent claims.

Manner and Means

3. **D-1 DAMIAN JACKSON** and **D-2 HOLLY JACKSON** agreed to participate in, and participated in, a scheme to obtain and help others to obtain payment of false claims for refunds from the Internal Revenue Service ("IRS") by filing in their own names, and by causing others to file, false federal income tax returns claiming refunds to which they knew they were not entitled.

D-1 DAMIAN JACKSON and **D-2 HOLLY JACKSON** solicited, instructed, and assisted others in falsely claiming federal income tax refunds through the preparation and submission of false federal income tax returns.

4. To accomplish the objects of this scheme, in 2009 and 2010

D-1 DAMIAN JACKSON AND D-2 HOLLY JACKSON prepared and filed for themselves and recruited other individuals [“clients”] to file fraudulent U.S.

Income Tax Returns (Forms 1040 and 1040x) falsely claiming substantial 1099-

OID income from which substantial income taxes were withheld, and claiming substantial refunds to which they were not entitled. **D-2 HOLLY JACKSON**

used her FIRE account to file false Forms 1099-OID, 1040 and 1040x.

D-1 DAMIAN JACKSON prepared the false income tax returns which claimed the false 1099-OID withholdings, and claimed substantial refunds. **D-1 DAMIAN**

JACKSON and D-2 HOLLY JACKSON, through Diamond and Associates, received fees for preparing the false returns and forms 1099-OID and additionally received a percentage of the refunds obtained by their clients, all in violation of Section 286 of Title 18 of the United States Code.

COUNT TWO

(D-1 DAMIAN JACKSON and D-2 HOLLY JACKSON:
26 U.S.C. 7206(1): Filing False Return

On or about April 13, 2009, in the Eastern District of Michigan,

D-1 DAMIAN JACKSON and D-2 HOLLY JACKSON, residents of Sterling Heights, Michigan, did willfully make and subscribe a U.S. Individual Income Tax Return, Form 1040, for the calendar year 2007, which was verified by a written declaration that it was made under the penalties of perjury and which

D-1 DAMIAN JACKSON and **D-2 HOLLY JACKSON** did not believe to be true and correct as to every material matter, in that the Income Tax Return claimed income tax withheld of \$1,415,688, and a refund due of \$922,999, whereas, as the defendants then and there well knew, their total income tax withholdings and refund due were \$0, all in violation of Section 7206(1) of Title 26 of the United States Code.

COUNT THREE
(D-1 DAMIAN JACKSON and D-2 HOLLY JACKSON:
26 U.S.C. 7206(1): Filing False Return

On or about July 27, 2009, in the Eastern District of Michigan,

D-1 DAMIAN JACKSON and **D-2 HOLLY JACKSON**, residents of Sterling Heights, Michigan, did willfully make and subscribe a U.S. Individual Income Tax Return, Form 1040, for the calendar year 2008, which was verified by a written declaration that it was made under the penalties of perjury and which

D-1 DAMIAN JACKSON and **D-2 HOLLY JACKSON** did not believe to be true and correct as to every material matter, in that the Income Tax Return claimed income tax withheld of \$210,805, and a refund due of \$122,626, whereas, as the defendants then and there well knew, their total income tax withholdings and refund due were \$0, all in violation of Section 7206(1) of Title 26 of the United States Code.

COUNTS FOUR THROUGH THIRTEEN**(D-1 DAMIAN JACKSON and D-2 HOLLY JACKSON:****18 U.S.C. §§ 287, 2: False Fictitious or Fraudulent Claims, Aiding and Abetting)**

1. The General Allegations and Paragraphs Two-Four of Count One are

included in this Count;

2. On or about the dates listed below, within the Eastern District of Michigan D-1 DAMIAN JACKSON and D-2 HOLLY JACKSON knowingly made and presented, and caused to be made and presented, and aided and abetted each other in making and presenting, to the Internal Revenue Service, an agency of the United States Department of the Treasury, claims against the United States for payment, which they knew to be false, fictitious or fraudulent, by preparing and causing to be prepared, and filing and causing to be filed, what purported to be federal income tax returns for the individuals whose initials are set forth below, wherein claims for income tax refunds for the amounts listed below were made, with knowledge that such claims were false, fictitious, and fraudulent:

Ct.	Taxpayer(s)	Date Presented	Form	Tax Year	Amount of False Claim
4	GJ/LJ	08/06/2009	1040x	2006	\$181,891
5	GJ/LJ	02/09/2010	1040	2009	\$183,230
6	KM	01/29/2010	1040A	2009	\$ 18,928
7	KT	02/08/2010	1040	2009	\$139,145
8	RH/RH	03/22/2010	1040	2009	\$ 58,938

Ct.	Taxpayer(s)	Date Presented	Form	Tax Year	Amount of False Claim
9	JJ-T	03/30/2010	1040	2009	\$111,927
10	EW/CW	04/05/2010	1040x	2008	\$240,132
11	EW/CW	04/05/2010	1040	2009	\$ 37,109
12	MP	04/07/2010	1040	2009	\$ 73,910
13	BM/DM	04/08/2010	1040	2009	\$ 7,741
14	EC/NC	04/14/2010	1040	2009	\$ 24,018

all in violation of Section 287 of Title 18 of the United States Code.

COUNT FIFTEEN

(D-2 HOLLY JACKSON only:

18 U.S.C. § 287: False Fictitious or Fraudulent Claims)

1. The General Allegations and Paragraphs Two-Four of Count One are included in this Count;

2. On or about January 26, 2010, in the Eastern District of Michigan **D-2 HOLLY JACKSON** knowingly made and presented, and caused to be made and presented, and aided and abetted each other in making and presenting, to the Internal Revenue Service, an agency of the United States Department of the Treasury, claims against the United States for payment, which she knew to be false, fictitious or fraudulent, by preparing and causing to be prepared, and filing and causing to be filed, what purported to be federal income tax return for **D-2 HOLLY JACKSON** for tax year 2009 claiming an income tax refund for

\$141,795 with knowledge that such claims were false, fictitious, and fraudulent, all in violation of Section 287 of Title 18 of the United States Code.

THIS IS A TRUE BILL

s/Grand Jury Foreperson
GRAND JURY FOREPERSON

BARBARA L. McQUADE
United States Attorney

s/Cynthia J. Oberg
Cynthia J. Oberg
Assistant United States Attorney
Chief, Complex Crimes Unit

s/Craig A. Weier (P33261)
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July 31, 2014

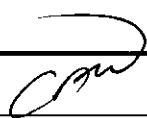
United States District Court
Eastern District of Michigan

Criminal Case Cover

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NOTE: It is the responsibility of the Assistant U.S. Attorney signing this form to complete

Reassignment/Recusal Information This matter was opened in the USAO prior to August 15, 2008 []

Companion Case Information	Companion Case Number:
This may be a companion case based upon LCrR 57.10 (b)(4) ¹ :	Judge Assigned:
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	AUSA's Initials: 

Case Title: USA v. Damien Jackson et. al.

County where offense occurred : Macomb County

Check One: ☒ **Felony** ☐ **Misdemeanor** ☐ **Petty**

☐ Indictment/ ☐ Information --- no prior complaint.
☒ Indictment/ ☐ Information --- based upon prior complaint [Case number:]
☐ Indictment/ ☐ Information --- based upon LCrR 57.10 (d) [Complete Superseding section below].

Superseding Case Information

Superseding to Case No: _____

- ☐ Original case was terminated; no additional charges or defendants.
☐ Corrects errors; no additional charges or defendants.
☐ Involves, for plea purposes, different charges or adds counts.
☐ Embraces same subject matter but adds the additional defendants or charges below:

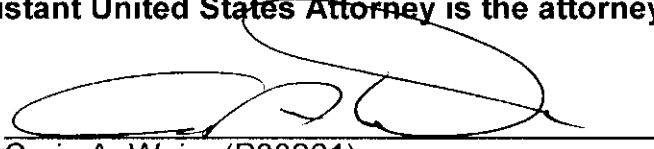
Defendant name

Charges

Prior Complaint (if applicable)

Please take notice that the below listed Assistant United States Attorney is the attorney of record for the above captioned case.

July 31, 2014
Date


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¹ Companion cases are matters in which it appears that (1) substantially similar evidence will be offered at trial, (2) the same or related parties are present, and the cases arise out of the same transaction or occurrence. Cases may be companion cases even though one of them may have already been terminated.